

Frequently Asked Questions About Health Savings Accounts

Q. What is a Health Savings Account?

A. An HSA is an individually owned, and TAX-FREE, savings account that you contribute to monthly so that you can pay for your personal medical expenses when they occur.

Q. Who can open an HSA?

A. Anyone who has a high-deductible health plan that meets the federal requirements of a minimum deductible of \$1,100 for individuals and \$2,200 for families (2008 figures; deductible minimums may increase each year).

Q. What is the most that I can contribute?

A. Contribution limits are different for every plan and are established by the Federal Government. Contributions are limited to the lesser of either (1) the amount of your deductible or (2) \$2,900.00 for individuals and \$5,800.00 for families. Individuals 55 and over can contribute an extra \$900 (2008 figures; contribution limits may increase each year).

Q. How do I withdraw my money?

A. When you have a qualified medical expense, you simply request a disbursement from your savings account by submitting a Distribution Request Form to HSATodayTM.

Q. What is a qualified medical expense?

A. Basically, you are eligible to be reimbursed for any medical expense that is considered applicable to your deductible plus many more items, such as vision, dental, and over-the-counter medications. HSATodayTM can provide a more complete list upon enrollment.

Q. What if I withdraw money for something other than a medical expense?

A: The money is yours to use any way you want. However, any distribution not used exclusively to pay for qualified medical expenses is subject to state and federal taxes, as well as an additional 10% excise tax. Distributions made after age 65 are not subject to the 10% excise tax.

Q. What if I don't use my money this year?

A. One of the best things about an HSA is that your contributions stay in the account until you need them for a medical expense. If you do not have medical expenses, and we hope that you don't, then the money stays in the account and earns interest, Tax-Free. There is no "Use it or lose it" for an HSA.

Q. Is an HSA right for me?

A. Maybe. Although the premiums for HSA-qualified plans are usually considerably less expensive than traditional plans, the higher deductibles and the coinsurance may make this plan more expensive for some individuals. Please consider this choice carefully. An HSA is not right for everyone.